



The Value of a Learning Management Compliance Solution

A SumTotal White Paper

Companies spend millions each year conducting mandatory training. Whether triggered by an audit, the risk of non-compliance, bad PR, or internal training requirements, achieving compliance can be difficult and costly. One of the biggest challenges that organizations face today is reducing costs from fines and lawsuits.

This paper explains how a learning management compliance solution can help manage an organization's compliance requirements. The solution helps organizations manage and track compliance, relieving the headache of being ready for internal or external audits. It can help reduce costs and mitigate risks by:

- Moving processes away from paper
- Centralizing tracking and automating assignments and notifications
- Reducing errors, injuries, and the risk of lost business reputation
- Tracking exceptions and reporting completed training

Executive summary

Managing compliance requirements for government regulations and management initiatives can be expensive and time consuming. Compliance requirements can be triggered by several different factors: Federal and state regulatory agencies can impose regulations on organizations; internally driven initiatives can impact the entire organization; and external organizations can mandate processes and procedures that must be followed. While compliance can be tracked manually, manual tracking is often time consuming and error prone. Being out of compliance can be very expensive due to fines and lawsuits.

This paper explains how a learning management compliance solution can help manage an organization's compliance requirements.

Mitigating risk and loss prevention

One of the biggest challenges that organizations face today is reducing costs from fines and lawsuits. Many organizations have specifically mandated training that their employees must complete to maintain regulatory compliance. Thorough education of the organization can greatly reduce the likelihood of a fine or lawsuit for non-compliance.

STRATEGY

Using learning management to automate compliance tracking can offer significant time and cost savings on an organization.

Fines are generally issued by state or federal regulatory bodies for non-compliance with regulations. Examples include California's Sexual Harassment training requirement and strict Food and Drug Administration (FDA) regulations around manufacture of prescription drugs. Automated tracking of training in these areas can minimize the risk of being assessed fines by ensuring employees have the knowledge they need to comply.

When employees are fully informed, they are better able to perform their daily activities in a way that does not put the company at risk for a lawsuit.

Preparing for audits

Audits — the examination of records or financial accounts to check their accuracy — are a common occurrence in a compliance environment. Sometimes, audits are driven by a desire to track the effectiveness of internal compliance initiatives. More often, audits are required by an external regulatory agency and can be planned or spontaneous. Some companies also have internal departments that prepare for an audit by requiring information ahead of time. In all cases, training reports are usually an important part of preparation for an audit. It is often useful to have both a standard set of audit reports and the ability to pull additional ad hoc reports depending on the demands of the situation.

The most common types of reports required in an audit are the following:

- Exception reports: showing who has not completed a given activity
- Completion reports: showing who has completed a given activity
- Certification reports: showing the status of and expiration dates for various certifications

Improving processes and quality control

Quality control and process improvement initiatives help organizations produce the best quality product as efficiently as possible. These are common types of internal compliance initiatives that can be made easier by with a learning management compliance solution.

Quality control has become a huge priority in the workplace. Whether it's for the manufacturing of a piece of machinery or a sophisticated drug, very little tolerance for error exists. Ensuring that staff understand the quality criteria and know how to achieve them is important to many organizations. Some organizations can face fines or loss of profitable contracts if there is a reduction in quality.

Process improvement initiatives are applicable not only to manufacturing but to all corporate processes — everything from how a car is built to how quickly payment checks are produced. Improvements can be achieved by reducing extraneous steps or by changing steps and adding more efficient steps. However the process is improved, the users of the process need to be trained on the new process so it can be implemented.

Moving away from paper

Many organizations are moving away from paper and more toward electronic tracking of all records. The FDA's 21 CFR Part 11 regulation was one of the first to outline how an electronic alternative for validations should work. The regulation covers auditing and e-signatures and how those should be implemented in computer systems.

Though the FDA was one of the initial regulatory drivers for auditing and e-signatures, they have much broader applicability. The financial services industry is starting to take advantage of this functionality. Being able to systematically track who made what changes to which record and why ensures the organization has a full history of events available to it. E-signatures are very useful for validating the identity of people who have completed training activities.

Improving workforce performance

Well-trained workforces are more productive and competitive. Many organizations' Human Resources (HR) departments develop programs to improve workforce performance. These programs are usually triggered by some trend in the company or by a desire to attract and retain better employees. Some examples of these types of internal compliance programs are:

- Ethics and integrity training. This type of training, required in many organizations, is important for ensuring that company values are disseminated throughout the organization.
- Safety training. In many work environments, safety is a big consideration. Ensuring employees are fully trained on the machinery they operate or how to handle dangerous chemicals is critical to keeping employees uninjured and on the job. Regular refresher courses or updates can be easily managed in a learning management system (LMS)¹.
- New-hire training. Employee retention is an issue at some organizations. To combat high employee turnover, many companies institute training programs that are required for all new employees. They can track training requirements and receive automatic notifications from an LMS. Some companies start new-hire training on the first day and can blend in coaching and other face-to-face activities managed and tracked by an LMS. Companies with probation periods for new hires can ensure that the training is taken to not only maximize retention — to make employees feel that they are supported by the organization — but also to improve new hire productivity.

Key steps to developing an enterprise-wide strategy

Enforcing compliance often meets with resistance. Many organizations waste millions of dollars keeping up with training requirements and reporting training data. Even with all of the effort, manual processes typically have gaps and increase an organization's risk of non-compliance. Furthermore, organizations often uncover redundant processes that manage separate compliance needs. These could be leveraged with better planning.

An organization can reduce the costs and compliance risks of mandatory training by developing an enterprise-wide compliance training strategy with the following key steps:

1. Performing an enterprise-wide assessment of regulatory bodies that affect the organization.

A company first identifies its training and competency requirements. Mandatory training requirements show up in many different areas of an organization, and managing this compliance is often done at the departmental level. Companies can form a task force to find out who is carrying out redundant processes and activities. Human Resources, Legal, and Chief Compliance Officers are often good sources to start this discovery process.

2. Identifying training for internal Standard Operating Procedures (SOPs).

Internal training requirements may be different from those that meet government compliance, but from a training administration perspective, they can be similar. Both processes require training assignment, notification, qualification, audit readiness, and reporting. Organizations can bring these processes into a centralized system of record to save time and money.

3. Conducting process-flows.

Mapping out the various processes and training requirements across an organization provides major benefits. Companies can highlight areas of redundancy and manual steps in each process (for example, email notifications or course assignments), and leverage opportunities. The process flows reveal weaknesses in your compliance management and show areas of risk.

4. Calculating the financial impact of compliance training.

Once organizations have mapped out processes, highlighted redundancies, and revealed inefficiencies, they can calculate how much time and money is spent managing training compliance and reporting. With this information, companies can justify centralizing these functions. Using a single LMS as a platform for planning, implementing, and assessing learning activities can streamline processes, automate administration tasks, and reduce non-compliance risk.

5. Obtaining buy-in from management.

Buy-in from management is crucial to organizing an enterprise-wide initiative. Training organizations aren't always top of mind for CEOs. Compliance training, however, can strike a chord with upper management. Organizations can show how this initiative will cut the overall cost of compliance related activities, and emphasize the risk of non-compliance. Fines are often severe, and non-compliance could tarnish a company's image. Organizations can justify the business benefits of the training, and uncover areas where mandatory training provides tangible workforce performance improvements.

6. Determining in advance the requirements from process owners and regulatory bodies.

A lot of the effort around compliance is simply accounting for training and reporting it in a presentable form. Organizations can save time and effort by defining requirements in advance and sticking to these requirements throughout the process.

7. Implementing processes and systems that bend, not break.

Regulatory requirements change. New laws get passed. Companies merge. And standard operating procedures get reorganized. Nothing can be more frustrating than investing in an enterprise-wide strategy that is out of date before it is even implemented. Organizations need to make sure that processes and systems are flexible enough to handle these types of changes.

8. Ensuring reporting flexibility.

While it is important for organizations to map-out reporting requirements from the start, the need for ad hoc reports and exceptions will arise. Ensure that your processes and LMS allow training compliance managers easy access to reports and the ability to drill-down into areas of interest.

9. Implementing blended-learning strategies for compliance training.

Computer-based training, tracked and managed with the help of an LMS, can drastically cut a company's compliance training costs. Online e-learning can meet the needs of numerous regulatory bodies (e.g., OSHA compliance, workplace conduct courses). Blended learning — flexibly combining classroom, computer-based, and online training — is often the best approach. Instructor-led or on-the-job training is often more appropriate for areas such as machine training. In many industries, companies want multiple options to complete the same requirement, in order to balance time constraints with individual learning preferences.

10. Monitoring processes and making enhancements.

Compliance training requirements from both regulatory agencies and internal SOPs change. Organizations need to ensure that training management administrators are linked into the business units and compliance liaisons, so that they can keep up with necessary changes and continuously improve the delivered training. Most companies don't have a choice when it comes to delivering mandatory training, so delivering it as cost effectively as possible should be a priority. This allows companies to focus on their core businesses.

Automating compliance tracking and reporting

Compliance is something that will affect almost every organization at some point during its life. Since it is mandatory, tracking compliance as easily and cost-effectively as possible is highly desirable. Manual tracking of compliance is not the most efficient or accurate method, particularly as a company grows in size and complexity. Employing a learning management system for tracking and reporting on training is generally the most efficient way to track all types of compliance.

SumTotal provides a comprehensive automated learning management compliance solution and expertise to help organizations improve workforce performance and obtain a competitive edge. The solution can help reduce costs and mitigate risks by:

- Removing paper from processes
- Centralizing tracking to reduce redundancies
- Automating assignments, notifications, and version tracking
- Maintaining certifications systematically
- Providing consistent knowledge of policies and processes
- Reducing errors, injuries, and the risk of lost supplier contracts
- Tracking exceptions in reports, and reporting on completed training

SumTotal learning management system (LMS) solutions, part of our industry-leading unified talent development software suite, help organizations build a complete platform for developing more competitive employee skills. The SumTotal learning management compliance solution eases the burden of compliance management with compliance automation and audit readiness. The solution helps organizations manage and track compliance, relieving the headache of being ready for internal or external audits. As a result, companies grow stronger with better compliance and audit planning, faster execution, and fewer misfires. Organizations can proactively manage compliance and reporting to better drive business results and reduce the risk of non-compliance, litigation, and lost business reputation.

Endnotes

¹ Comprehensive Industry Study: Market Analysis, Trends, Best Practices, and Vendor Profiles by Josh Bersin, Principal Analyst, Performance Management 2006 (June 2006), Page 166. See also: How the Top 20 Companies Grow Great Leaders by Marc Effron, Michelle Salob, and Shelli Greenslade, Hewitt Associates' Talent and Organization Consulting Practice (2005).

More Information

For more information, send an email to connect@sumtotalsystems.com

About SumTotal

SumTotal Systems, Inc. is the global leader in complete learning and talent management software that enables organizations to more effectively drive business strategy and growth. Recognized by industry analysts as the most comprehensive solution, SumTotal provides full employee lifecycle management, including a core system of record, from a single provider for improved business intelligence. The company offers customers of all sizes and in all industries the most flexibility and choice with multiple purchase, configuration, and deployment options. We have increased the performance of the world's largest organizations including Sony Electronics (NYSE: SNE), AstraZeneca (NYSE: AZN [ADR]; London: AZN), Amway, GKN (London: GKN), and Seagate (NYSE: STX).

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